
REPORT OF THE OFFICE OF INSPECTOR GENERAL ON COMPLIANCE WITH LAWS AND REGULATIONS

The Acting Secretary
U.S. Department of Energy

We audited the consolidated financial statements of the U.S. Department of Energy (Department) for the year ended September 30, 1996, and have issued our report thereon dated December 27, 1996 except as to a portion of Note 16 which is as of January 31, 1997.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 93-06, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with laws and regulations applicable to the Department is the responsibility of Department management. As part of obtaining reasonable assurance about whether the consolidated financial statements were free of material misstatements, we tested compliance with those laws and regulations directly affecting the financial statements and certain other laws and regulations designated by the OMB and the Department. Accordingly, we tested compliance with the *Anti-Deficiency Act*, *Chief Financial Officers Act of 1990*, *the Davis Bacon Act*, *Fair Labor Standards Act of 1938*, *Federal Employees' Compensation Act*, *Federal Managers' Financial Integrity Act (FMFIA) of 1982*, *Federal Insurance Contributions Act*, *National Defense Authorization Act*, and *the Prompt Payment Act*.

As part of our audit, we also obtained an understanding of management's process for evaluating and reporting on internal control and accounting systems as required by the FMFIA and compared the Department's most recent FMFIA report with the evaluation we conducted of the Department's internal control structure. We also reviewed the Department's policies, procedures, and system for documenting and supporting financial, statistical, and other information presented in the overview and performance measurement section of this report.

The results of our tests for compliance with selected provisions of laws and regulations disclosed no compliance matters reportable under *Government Auditing Standards* issued by the Comptroller General of the United States or OMB Bulletin No. 93-06, *Audit Requirements for Federal Financial Statements*. With respect to provisions not tested, nothing came to our attention that caused us to believe that the Department had not complied in all material respects with those provisions. However, the objective of our audit of the consolidated financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Officer of Inspector General
December 27, 1996